



North Carolina Department of Health and Human Services
Division of Mental Health, Developmental Disabilities
and Substance Abuse Services

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Willie M. Section

ADMINISTRATIVE LETTER NO. 97-01

TO: Area Mental Health Program Directors
Area Mental Health Program Finance Officers
Willie M. Coordinators

FROM: Marci White, Chief
Willie M. Section

DATE: October 3, 1996

RE: POLICY AND PROCEDURES FOR ADMINISTRATION OF THE **Willie M.**
SUBCAPITATION AGREEMENT UNDER CAROLINA ALTERNATIVES

PURPOSE

This administrative letter establishes the policy and procedures for utilization of **Willie M.** subcapitation funding for class members covered by Medicaid in area programs operating under Carolina Alternatives. The subcapitation agreement went into effect on February 15, 1996, and temporary funding and service authorization procedures have been in place to handle individual client situations since that time. This letter will formalize those procedures and establishes additional policy and procedures with respect to the certification process for **Willie M.** class members and budgeting for services within the subcapitation and the new **Willie M.** Budget and Unit Cost Reimbursement System.

POLICIES

Financial Responsibility for Newly Certified Willie M. Class Members

As of 2/15/96, Medicaid funds for covered **Willie M.** class members in Carolina Alternatives programs have been subcapitated and are administered directly through the **Willie M.** Section.

The **Willie M.** Section will assume financial responsibility for Medicaid eligible treatment services as early as fifteen (15) days following the date of certification where there is a T/HP in place outlining needed services and an approved child specific request if required (see procedures below). In most cases, coverage can be expected to commence thirty (30) days after certification where there is a T/HP in place. Case management services will be covered during the pre-certification period if the child is identified as being in "pre-cert" status on line in WMIS after July 1, 1996, as well as for the initial 15-30 day period following certification.

Budgeting for Hospital Services

The **Willie M.** Budget and Unit Cost Reimbursement Manual describes procedures for budgeting and ratesetting for all services provided to **Willie M.** class members. These procedures will be used for budgeting of CA subcapitation resources as well. The **Willie M.** Section will establish resources within the Group Residential Fund Reserve for each Area Program in the waiver. This amount will be negotiated individually with the Area Program based upon the Area Program's estimate of annual hospital bed-days for its class members and the rates in effect for the hospitals used by the Area Program under the waiver. The Section will also establish separate service objectives within the Area's budget for each hospital with separate rates. If the number of hospitals used by the Area is large, a combined rate and service objective for inpatient hospitalization may be developed. Area Programs are expected to monitor the utilization of inpatient resources during the year and should request changes to the Fund Reserve budget if utilization varies significantly from the budget.

Authorization for Hospital Services

Area Programs operating under the CA waiver are authorized to arrange admission for **Willie M.** class members to psychiatric hospitals for up to 7 -days without specific prior authorization from the **Willie M.** Section. Reauthorizations for up to 7 days at a time may be made by the Area Program up to a maximum of 28 days. The Area Program must notify the **Willie M.** Service Manager of each 7 day authorization or reauthorization. For stays of longer than 28 days, the Area Program must receive specific prior approval from the **Willie M.** Section, through the existing Child-Specific Request process. The Area Program will be reimbursed for the costs of inpatient hospitalization in these cases through the WMIS according to the rates and budget amounts in the approved **Willie M.** Budget.

Use of Other Resources Available for Class Members

Area Programs are expected to pursue alternative funding sources for services to **Willie M.** class members before using **Willie M.** funds or Medicaid subcapitation funds. These alternative sources include private insurance, patient fees, SSI, State Foster Home funds, and any other financing to which the child is otherwise entitled.

Documentation of CA Efforts on Behalf of Prospective Class Members

One of the certification criteria for **Willie M.** class membership is the non-receipt of appropriate services by the prospective class member. Where the child is covered by the Carolina Alternatives program, there is a contractual obligation by the Area Program to provide services under the waiver when medically necessary. There are many cases in which “appropriate services” under the **Willie M.** Program may not be in place even though all medically necessary services are being provided by the Area Program under the waiver. However, it is the expectation of the Division that good faith efforts must be shown by the Area Program to meet the obligations of the CA waiver to the child- When a child covered by the CA waiver is nominated for **Willie M.** class membership, the **Willie M.** Section will require documentation of the efforts made by the Area Program to meet his/her needs through the CA Program.

PROCEDURES

Budgeting for Willie M. Services in CA Sites

Area Programs should request from the **Willie M.** Section funds deemed necessary to provide all **Willie M.** services to class members. These requests should be made according to the guidelines in the **Willie M.** Budget and Unit Cost Reimbursement Manual. For inpatient hospital care, the Area Program operating under the CA waiver should estimate the total costs of hospital care likely to be needed for class members within the 28 day short term stay period and request that amount to be placed in the Area's Group Residential fund reserve. For stays of longer than 28 days, the Area Program should initiate a Child Specific fund request according to procedures stated in the Budget Manual. The Section will allocate funds to CA sites in the full amounts needed without deducting for Medicaid revenue adjustments, as is done in non-CA sites.

Authorization Procedures for Outpatient Services

Area Programs operating under the CA waiver should follow existing **Willie M.** procedures for outpatient services using the local authorization process for determination of the need for specific services.

Inpatient Services

Determination of need for hospitalization is to be made by the Area Program using it's existing authorization process, or similar one, if a separate process is established for the **Willie M.** Carolina Alternatives enrollee population. Reviews of hospitalizations should be done at least weekly and should be handled through a collaborative process including **Willie M.** representation.

An initial period of up to seven (7) days of inpatient care may be authorized for Carolina Alternatives enrollees by the Area Program without prior approval from the State. Initial determination regarding the length of stay, up to seven (7) days, should be based on the needs of the individual child. Whenever a child is admitted to the hospital

for whatever period of time, the Area Program should notify the **Willie M.** Service Manager immediately of the admission.

Determinations for continuation of stay beyond seven (7) days are to be specifically designated in increments of one (1) to seven (7) days up to a grand total of twenty-eight (28) days. Whenever the Area Program authorizes inpatient care for a stay beyond the initial 7 days, the Area Program should notify the **Willie M.** Service Manager in writing of the authorization and the reasons for the continued stay.

At any point where it is determined that a child will need to be or has been hospitalized (in the case of newly certified youth) for more than twenty-eight (28) days, a child specific request for this service is to be forward to the **Willie M.** Section office in Raleigh. The Area program should follow the procedures for requesting child-specific funds as outlined in the **Willie M.** Budget and Unit Cost Reimbursement Manual. The **Willie M.** Section will make separate allocations for such cases to the Child Specific Fund Reserve in the Area Program's **Willie M.** budget.

Documentation of CA Efforts at Time of Nomination

When a child covered under the CA Waiver is nominated for class membership, the Area Program shall document the efforts undertaken and planned by the CA Program to serve the child. This documentation will consist of the following:

1. Plan of care for the child under Carolina Alternatives.
2. Listing of the most recent 3-6 months of past Carolina Alternatives authorizations for services plus any current or future authorizations in effect. (copies of MIS printouts containing this data will suffice.)
3. Listing of all services and costs to Carolina Alternatives for serving the child to date. (MIS printouts will suffice.)
4. A statement of the child's service costs in relation to the Area's stop-loss amount under Carolina Alternatives.
5. A clear statement of why the Carolina Alternatives insurance coverage is insufficient to provide the child with appropriate services.

When the nomination is made by or coordinated through the Area Program, this documentation should be sent along with the initial package. When nominations are made by other agencies or persons, the **Willie M.** Section will request the information from the Area Program. Questions regarding the specific documentation should be directed to Ann Baldwin or Joan Kramer at (919) 571-4900.

Attachment

cc: Executive Staff
Management Staff